



KGORI CAPITAL
INVEST WITH PRIDE

KGORI CAPITAL MARKET WATCH

13 March 2023

LOCAL

COMPANY ANNOUNCEMENTS



Resignation of Board Member and New Appointment of Auditors

- Resignation of Board Member
 - BIHL announced the resignation of C Chauhan from its Board of Directors effective 6 Mar 23.
- New Appointment of Auditors
 - BIHL announced the appointment PricewaterhouseCoopers Botswana as their external auditors, effective 1 Mar 23.
- P17.85 (YTD: +0.79%) PE: 8.2 PB: 1.4 D/Y: 14.29% Mkt Cap: P5,040.3mn



Circular To Linked Unitholders

- PrimeTime issued a circular to unitholders. Salient points are as follows:
 - PrimeTime will offer unitholders the option to receive scrip in lieu of the cash distribution of 8.27t/linking unit.
 - Scrip will be offered at P1.62/linking unit for every single linking unit currently held by a unitholder.
 - The scrip offer opens on 6 Mar 23 and closes on 24 Mar 23 with the listing of additional scrip distribution units on 31 Mar 23.
 - The cash distribution is payable 31 Mar 23.
- P1.62 (YTD: +1.25%) PE: 6.1 PB: 0.5 D/Y: 8.16% Mkt Cap: P401.0mn



Trading Update

- RDCP announced that its profit before tax (PBT) for the 31 Dec 22 year end (excluding the once-off bargain purchase gain recognised in the prior year) will be P136.8mn-P149.8mn (210%-230%) higher than the P65.1mn PBT reported for the 31 Dec 21 year end.
- Its profit before tax (PBT) for the 31 Dec 22-year end (including the once-off bargain purchase gain recognised in the prior year) will be P385.5mn-P449.7mn (60%-70%) lower than the P642.5mn PBT reported for the 31 Dec 21 year end.
- The increase in PBT was due to the inaugural 12-month inclusion of the consolidated results of the Tower Property Fund acquisition effected in the prior year (28 Dec 21) as well as property valuations and interest rate derivatives.
- Results will be published by 31 Mar 23.
- P2.25 (YTD: +1.35%) PE: 2.5 PB: 0.6 D/Y: 4.51% Mkt Cap: P1,706.0mn



Notice to Shareholders

- LLR have announced Grit Services' intention to disinvest in the company.
- Grit currently holds an 11.25% shareholding of LLR having sold 13.9% of their stake between Dec22 and Mar23
- Grits disinvestment in LLR is based on its decision to exit investments where it does not have majority control or where it has significant exposure to currencies other than the USD, Euro or hard-currency-pegged revenue streams.
- P3.51 (YTD: +0.86%) PE: 9.8 PB: 1.1 D/Y: 5.45% Mkt Cap: P982.8mn



Contract Miner at The Masama Coal Mine Temporarily Halts Mining Operation

- Minergy declared a temporary shutdown of mining activities at their Masama coal mine due to the decision of their contractor, Jarcon Opencast Mining Botswana, to limit their operations as they seek clarification regarding late payments from Minergy and operational difficulties caused by reduced sales.
- Discussions are ongoing between Minergy, Jarcon Opencast Mining Botswana and Minergy's funders on constructive solutions to move forward.
- P0.40 (YTD : 0.00%) PE : N/A PB : N/A D/Y : 0.00% Mkt Cap : P188.0mn



Notice of Special General Meeting (SGM)

- Sefalana announced that it will hold its SGM at 3.00pm at its Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Gaborone on 31 Mar 23. Shareholders will vote on:
 - Revoking the existing constituting documents, being the Memorandum and Articles of Association and adopt the revised draft Constitution as the constitution of the Company with effect on and from the date of this Special General Meeting
- P9.72 (YTD : +0.62%) PE : 8.9 PB : 1.1 D/Y : 6.17% Mkt Cap : P2,437.1mn



Fuel Price Adjustment

- BERA announced increases in retail pump prices for petrol and diesel effective 28 Feb 23, as follows:
 - Unleaded Petrol 93 will increase by 95t/litre.
 - Unleaded Petrol 95 will increase by 92t/litre.
 - Diesel 50ppm will increase by 56t/litre
 - Illuminating paraffin will increase by 72t/litre
- The increase in pump prices was necessitated by the general increase of international oil prices which rose as a result of increased demand of oil by China, following its reopening.

BIHL FY22 RESULTS – LOWER CLAIMS SPUR PROFITS

Income Statement P'Mn	FY 22	FY 21	% Δ
Net insurance premium	3 011	3 085	(2%)
Investment income	882	301	193%
Total Revenue	3 892	3 386	15%
Net insurance benefits & claims	(2 006)	(2 330)	(14%)
Investment contract benefits and claims	(346)	53	(759%)
Sales remuneration	(569)	(517)	10%
Admin expenses	(443)	(418)	6%
Finance cost on leases	(1)	(1)	98%
Impairment losses	(5)	(2)	158%
Operating Profit	522	171	205%
Associate earnings	237	305	(22%)
Tax	(144)	(84)	72%
Profit for the period (PAT)	615	393	56%
Balance Sheet extract P'Mn	FY 22	FY 21	% Δ
Cash and cash equivalents	401	137	192%
Associates & JVs	1 930	1 973	(2%)
Financial assets FVTPL	15 412	15 385	0%
Policy liabilities	10 512	10 446	1%
Equity	3 549	3 351	6%

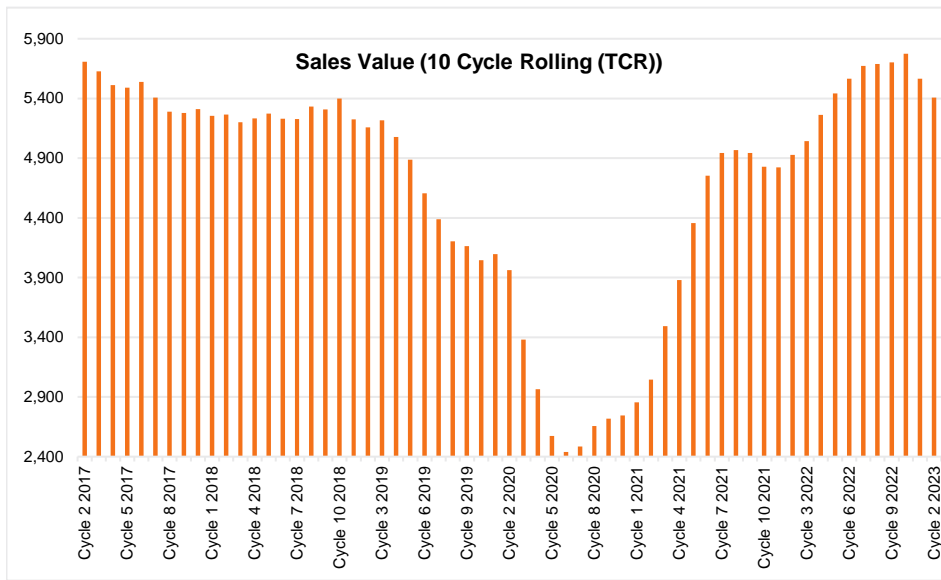
- Net Insurance Premium -2% due to low business volumes. Recurring premiums +1% to 1.8bn, whilst single premiums -5% to P1.3bn driven by banks tightening their lending, resulting in reduced credit life premiums.
- Investment income increased 1.9x driven by the growth in fees as well as divestment in offshore investments.
- Net insurance benefits and claims -14% due to easing of excess mortality rates.
- Associate earnings -22% due to a decline in performance of Letshego Holdings as well as the divestment in FSG.
- PAT +56% due to lower mortality claims and growth in investment income.
- Final dividend declared of 101t/share and a special dividend of 89t/share, payable on 21 Apr 23.
- P17.85 (YTD: +0.79%)
PE: 8.2
PB: 1.4
D/Y: 14.29%
Mkt Cap: P980.0mn

TLOU HY23 RESULTS – INCREASED EXPENSES DRIVE UP LOSSES

Income Statement P'Mn	HY 23	HY 22	% Δ
Interest income	6	0	70 467%
Other income	-	-	0%
Employee benefits expense	(565)	(321)	76%
Depreciation expense	(147)	(279)	(47%)
FX gain / loss	190	46	315%
Interest expense	(296)	-	(100%)
Share based payment expense	(76)	(15)	421%
Professional fees	(272)	(108)	152%
Occupancy costs	(7)	(9)	(25%)
Fair value gain/(loss) on financial instruments	(47)	-	(100%)
Other expenses	(1 032)	(586)	76%
Loss before income tax	(2 245)	(1 271)	77%
Income tax	-	-	0%
Loss for the period	(2 245)	(1 271)	77%
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	6 155	7 875	(22%)
Exploration assets	49 741	49 232	1%
PPE	288	366	(21%)
Equity	52 355	50 533	4%

- No revenues recorded for the period as Tlou is still in the development stage with the Lesedi Gas-to-Power project.
- Other expenses +76% due to rise in stock exchange and secretarial fees, investor relations costs and legal fees.
- Loss for the period +77% due to an increase in employee benefits, interest expense and professional fees.
- P0.50 (YTD: +0.00%)
PE: N/A
PB: 0.9
D/Y: 0.00%
Mkt Cap: P415.5mn

DE BEERS' (DB) CYCLE 2 SALES 2023 – CONTINUED CAUTION LEADS TO LOWER SALES



- DB Cycle 2 2023 Sales \$495mn v \$454mn (Cycle 1 2023) v \$652mn (Cycle 2 2022)
- DB Cycle 2 2023 Sales TCR \$5,408mn v \$4,926mn (Cycle 2 2022)
- DB sales remained subdued for the early part of the year, driven by sight holder planning decisions to make more purchases later in the year as there was a lot of global economic uncertainty towards the tail end of 2022.

REGIONAL SOUTH AFRICA

- Q422 GDP q/q -1.3% v -0.4% (e) v 1.8% (Q322)
- 1Q23 Business Confidence 36 v 36 (e) v 38 (4Q22)
- The S&P cut its outlook for SA's junk-rated debt from positive to stable on the back of persistent electricity shortages and infrastructure constraints on economic growth.

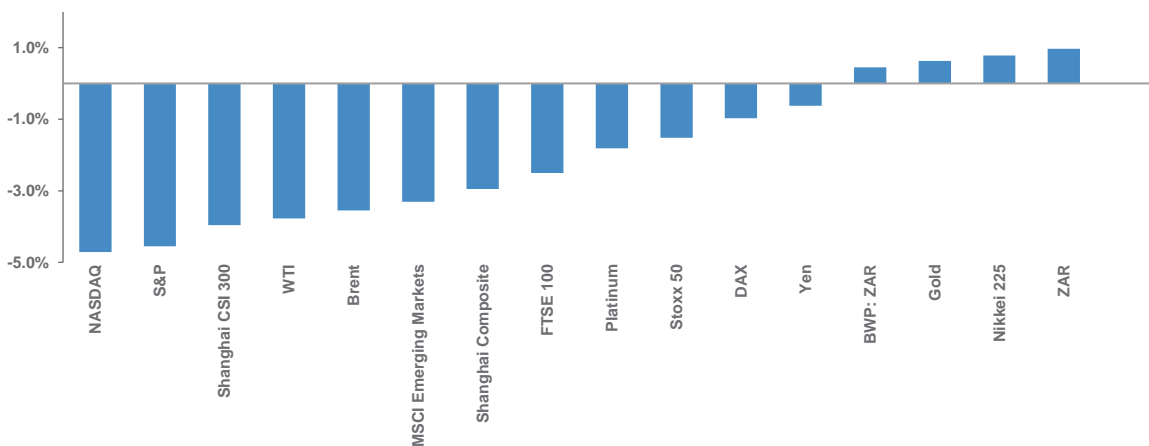
ZAR PERFORMANCE

- The South African rand fell against the USD due to the negative effects of both the S&P rating agency's decision to lower their debt ratings outlook and remarks by the Federal Reserve Chair, Jerome Powell, that suggested an aggressive approach to monetary policy.
- ZAR 18.32 (WTD: +0.97%) v 18.14 (3 Mar 23)

The South African rand weakens against the USD.

INTERNATIONAL

INTERNATIONAL SNAPSHOT– 10 MAR 23 WEEKLY PERFORMANCE



- Feb23 PPI y/y 8.2% v 8.4% (e) v 9.5% (Jan23)
- Q422 Final GDP q/q 0.0% v 0.2% (e) v -0.3% (Q322)
- The Bank of Japan (BoJ) Monetary Policy Committee met during the week and decided the following:
 - Maintained its short-term interest rate at -0.10%.
 - Maintained the 10-Year JGB target yield at 0.00%.
 - Maintained the purchase of exchange-traded funds and Japanese real estate investment trusts with upper limits of ¥12trn and ¥180bn, respectively.
 - Maintained the purchase of commercial paper (CP) and corporate bonds (CB) at pre-pandemic levels i.e. ¥2trn
- Japanese equities closed higher for the week following the release of cooled inflation figures.
- Nikkei 225: 28,144 (WTD: +0.78%), Yen: 135.03 (WTD: -0.62%)





- Eurozone Feb23 Sentix Investor Confidence -11.1 v -5.5 (e) v -8.0 (Jan23)
- Germany Jan23 Industrial Production m/m 3.5% v 1.4% (e) v -2.4% (Dec22)
- UK Jan23 Industrial Production m/m -0.3% v 0.0% (e) v 0.3% (Dec22)
- European markets fell due to Fed's interest hike warning and Silicon Valley Bank's closure.
- DAX: 15,428 (WTD: -0.97%), Stoxx50: 4,230 (WTD: -1.52%), FTSE100: 7,748 (WTD: -2.50%)



- Feb23 CPI y/y 1.0% v 1.9% (e) v 2.1% (Jan23)
- Feb23 PPI y/y -1.4% v -1.3% (e) v -0.8% (Jan23)
- Chinese markets closed lower due to Silicon Valley Bank's closure as well as lingering Sino-US tensions adding to concerns.
- SHSZ300: 3,967 (WTD: -3.96%), SHCOMP: 3,230 (WTD: -2.95%)



- 4 Mar 23 Initial Jobless Claims 211k v 195k (e) v 190k (25 Feb 23)
- Feb23 ΔNon-Farm Payrolls 311k v 225k (e) v 504k (Jan23)
 - Unemployment rate 3.6% v 3.4% (e) v 3.4% (Jan23)
 - Labour Force Participation Rate 62.5% v 62.4% (e) v 62.4% (Jan23)
- US equities tumbled during the week following the collapse of Silicon Valley Bank as well as the Fed Chairman's hawkish comments.
- NASDAQ: 11,139 (WTD: -4.71%), S&P 500: 3,862 (WTD: -4.55%)

COMMODITIES



- ΔUS Crude Inventories -1,694k bbl. (3 Mar 23) v 120k bbl. (e) v 1,166k bbl. (24 Feb 23)
- ΔUS Oil Rigs -3; 746 (10 Mar 23) v 749 (3 Mar 23)
- ΔNorth American Oil Rigs -26; 969 (10 Mar 23) v 995 (3 Mar 23)
- Oil prices declined on increased worries the Fed may go too far with its interest rate hikes to control inflation, which could cause a recession and reduce future oil demand.
 - WTI: \$76.68 (WTD: -3.77%)
 - Brent Crude: \$82.78 (WTD: -3.55%)



- Platinum closed the week in the red due to a stronger US dollar while Gold closed the week higher on supply constraints driven by the Russia-Ukraine war .
 - Gold: \$1,868 (WTD: +0.63%)
 - Platinum: \$965 (WTD: -1.81%)

Gold surges higher on supply constraints



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